

201 KAR 11:170. Real estate school and pre-license course approval.

RELATES TO: KRS 324.010(7), 324.046(1), (2), 324.085

STATUTORY AUTHORITY: KRS 324.281(5), 324.282

NECESSITY, FUNCTION, AND CONFORMITY: KRS 324.282 authorizes the commission to promulgate administrative regulations necessary to implement KRS Chapter 324. KRS 324.010(7) and (8) authorizes the commission to approve a real estate school. KRS 324.046(1) and (2) require an applicant for initial licensure as a broker or sales associate to have completed the specified number of courses from an approved or accredited real estate school. This administrative regulation establishes the requirements and application procedures for an approved real estate school seeking approval of courses for license credit.

Section 1. (1) To apply for certification as an approved real estate school or to renew certification, a real estate school shall submit a:

(a) Completed Provider Application – Form E101 including the information required concerning curriculum, instructors, required textbooks, educational materials, and policies of the school;

(b) Copy of the license from the Kentucky Commission on Proprietary Education, if applicable;

(c) Sample schedule to outline how a course will be presented;

(d) Completed detailed Course Outline – Form E105 broken into four (4) hour increments to include teaching methods, learning objectives for the course, auxiliary aids, and materials for each course, which shall include:

1. Instructor Application – Form E100 and any additional documents required to explain a response on the application for each instructor who will teach this course, as required by 201 KAR 11:175; and

2. A copy of the written material, other than the textbook or real estate license law manual, which the instructor will use in the classroom;

(e) Sample copy of a school brochure or information sheet promoting the school;

(f) Copy of legal documentation required to support an answer, if applicable;

(g) A sample copy of an official transcript that will be issued by the school;

(h) A copy of a contract or agreement signed by the student that outlines the class schedule, assignments or projects, examination requirements, grading system, and attendance requirements; and

(i) Other documents as established in Section 2 of this administrative regulation.

(2) An approved real estate school shall include a statement in the school application that a criminal conviction may prevent an applicant from qualifying for licensure under KRS 324.045. Failure to do so shall result in suspension of an approved school's certification until the information is included in the application.

(3) An approved real estate school shall notify the commission within ten (10) days of a material change in the information originally submitted on the application or in an attachment to the application.

(4) An Education Course Application, Form E102, shall be submitted by October 1 of each even numbered year. The approval shall be for a two (2) year period, beginning November 1.

Section 2. (1) The curriculum for a pre-license course at an approved real estate school shall:

(a) Include a minimum of:

1. Three (3) academic hours per course; or
 2. Fifteen (15) hours for a course related to the appraisal of property;
- (b) Be conducted for a maximum of no more than nine (9) hours during a twenty-four (24) hour period;
- (c) Consist of a course containing the topics listed in the Pre-license Prescribed Topics – Form E112 by the Real Estate Commission.
1. A real estate course shall be designated specifically as a real estate course by an approved or accredited real estate school that offers the course.
 2. The academic content for the course shall specifically focus on real estate.
 3. The course shall be for academic credit and not a continuing education unit, examination preparation or review, experiential education, or competency testing.
 4. A candidate shall not submit completion of the same course or essentially the same course twice for licensure credit;
- (d) Include a closed-book monitored final examination of at least:
- 1.a. Fifty (50) multiple choice questions for a three (3) hour academic course; or
 - b. 100 multiple choice questions for a six (6) hour academic course.
2. The passing score shall be seventy-five (75) percent in order to pass the course.
 3. Examination questions shall cover all aspects of material covered in the course, including applicable license laws and administrative regulations.
 4. Two (2) retakes of the examination shall be permitted; and
- (e) Include in all real estate pre-license courses, a practicum or project applicable to the topic, that shall be completed with a passing score and averaged with the final examination and other components or assignments required in the course, as part of the student's final grade.
- (2) The application for course approval shall include a copy of the final examination and answer key, an explanation and copies of the project or practicum that shall be required of students, when that assignment shall be due, and how the final grade for the course shall be calculated.
- (3)(a) All primary and secondary providers offering online pre-license or other distance education courses shall be approved in accordance with the provisions established in 201 KAR 11:240.
- (b) The commission shall review the content to ensure that the content meets the requirements established in this administrative regulation and in 201 KAR 11:240.
- (4)(a) The application and all required attachments shall be submitted to the commission for consideration at its next regularly scheduled meeting, which is posted on the commission's Web site after calendar approval.
- (b) The provider shall be notified in writing of the commission's approval or denial of the course for academic credit.

Section 3. Each real estate pre-license course completed at an out-of-state accredited institution, for which credit may be granted under this section, shall be approved or rejected pursuant to subsections (1) through (9) of this section.

(1) A course description from the school catalog, course syllabus, table of contents from text used in the course, or other summary of the course shall be provided to the commission by the applicant.

(2) The commission education director shall review the material submitted by the applicant and recommend the commission either grant or reject credit under this section at the commission's regular monthly meeting.

(3) The commission education director shall record:

(a) The name of the course;

- (b) If approval was granted or rejected; and
- (c) The date of approval or rejection.
- (4) If a course has been previously approved by the commission under this section or if a course is substantially similar to a previously-approved course, the commission education director shall be authorized to determine course approval.
- (5) In determining if a course is substantially similar to a previously-approved course, one (1) or more of the following items shall be considered:
 - (a) The table of contents from text used in the course;
 - (b) The course syllabus;
 - (c) Course description from the school catalog; or
 - (d) Other summary of the course.
- (6) The commission's education director shall notify an applicant if a course is rejected for credit under this section.
- (7)(a) If an applicant disagrees with the education director's decision under this section, he or she shall, within ten (10) days from the date of the education director's notification of rejection, file with the commission a written request for a commission review of the education director's decision.
 - (b) The request shall specifically indicate the applicant's disagreement.
 - (c) Failure to indicate disagreement within the ten (10) day period shall constitute waiver by the applicant and the education director's decision shall become final.
- (8)(a) In addition to notifying the education director of disagreement with his or her decision, the applicant shall provide a written summary to the education director detailing why credit under this section is merited.
 - (b) The commission education director shall forward this summary to the commission along with his or her response to the commission for a final decision at the commission's regular monthly meeting.
 - (c) Failure to provide within ten (10) days a specific summary detailing why credit is merited under this section shall constitute waiver by the applicant and the education director's decision shall become final at that point;
- (9)(a) If the applicant indicates disagreement with the education director's decision within ten (10) days of notification and provides a written summary detailing the disagreement within ten (10) days of notification, the commission shall consider the submissions from the applicant and the education director and reject or approve the course for credit under this section.
 - (b) The commission shall notify the applicant of its decision in writing.

Section 4. An approved real estate school shall not:

- (1) Advertise in conjunction with the business of a broker or a brokerage firm; or
- (2) Discuss, induce, or promote affiliation with a broker or brokerage firm.

Section 5. (1) An approved real estate school shall maintain accurate and permanent records on each student enrolled in a course.

- (a) A permanent record shall include each student's record of courses completed or attempted, academic hours awarded, and final grades.
- (b) A certificate of completion shall be:
 - 1. Included in the permanent records of each student; and
 - 2. Mailed to each student upon completion of a course.
- (2) Records shall:
 - (a) Be maintained for three (3) years; and
 - (b) Include student attendance records, final grade, and test scores.

(3) An approved real estate school shall notify the commission, in writing, within five (5) days of the beginning of a pre-license course. Notice shall include the name of the course, class location, and scheduled dates and times the class will be offered.

(4) Schools and instructors shall take appropriate steps to maintain the confidentiality of the final examinations. These steps shall include:

(a) Maintaining examinations and answer keys in a secure place accessible only to the school administrator and the instructor;

(b) Prohibiting students from retaining copies of the final examination and answer sheets; and

(c) Monitoring students continuously during examinations.

Section 6. (1) An approved real estate school shall permit an inspection and monitoring by the commission or its designee to evaluate an aspect of the administration or operation of the school or to evaluate the performance of the instructor.

(2) Monitoring may include a periodic mailing by the commission to students seeking an evaluation of his or her pre-license course and instructor.

Section 7. (1) Private school approval shall be withdrawn if the commission determines that:

(a) Information contained on the application or renewal is inaccurate or misleading;

(b) The establishment or conduct of the school is not in compliance with this administrative regulation or the instruction is so deficient as to impair the value of the course; or

(c) The school is not certified by the Kentucky Commission on Proprietary Education.

(2) If the commission has notice that a school's approval may be subject to withdrawal for the reasons set forth in subsection (1) of this section, the commission shall:

(a) Give written notice to the school of the intent to withdraw approval and the reasons therefor;

(b) Give the school an opportunity to address the notice, in writing, within thirty (30) days of the date of the notice of intent to withdraw approval; and

(c) Review the issues and the school's response.

Section 8. An effort made directly or indirectly by a school, official, employee, or a person on their behalf to reconstruct the real estate licensing examination or portion of the examination shall result in immediate revocation of school approval.

Section 9. Incorporation by Reference. (1) The following material is incorporated by reference:

(a) "Instructor Application - Form E100", 05/15 edition, Kentucky Real Estate Commission;

(b) "Education Course Application", Form E102, 5/15;

(c) "Provider Application – Form E101", 05/15 edition, Kentucky Real Estate Commission;

(d) "Course Outline – Form E105", 05/15 edition, Kentucky Real Estate Commission; and

(e) "Pre-license Prescribed Topics – Form E112", 05/15 edition, Kentucky Real Estate Commission.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Real Estate Commission, 10200 Linn Station Road, Suite 201, Louisville, Kentucky 40223, Monday through Friday, 8 a.m. to 4:30 p.m. (9 Ky.R. 850; eff. 2-2-1983; Am. 17 Ky.R. 2216; 2691; eff. 3-8-1991; 24 Ky.R. 2413; 25 Ky.R. 293; eff. 8-17-1998; 27 Ky.R. 1512; 2709; eff. 4-9-2001; 34 Ky.R. 831; 1937; eff. 3-7-2008; TAm eff. 2-22-2010; 42 Ky.R. 463; 1219; 1466; eff. 12-4-2015.)